

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 PM-04 H-02 INR-07 L-03

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SAB-01 IO-13 ACDA-07 OMB-01 TRSE-00 EB-07 /089 W

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P R 211655Z JUL 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 0579

INFO USMISSION NATO BRUSSELS

SECDEF WASHDC

CINC USAFE RAMSTEIN

CINC USAREUR HEIDELBERG

CINC EUR VAIHINGEN

USNMR SHAPE

C O N F I D E N T I A L SECTION 01 OF 02 BONN 12320

E. O. 11652: GDS

TAGS: SOPN, EFIN, MPOL, MORG, GW

SUBJECT: SCHMIDT'S REMARKS ABOUT ITALY PUSH THE OFFSET/
NORTHAG AGREEMENT OFF THE FRONT PAGES

REF: BONN 12192 (NOTAL)

BEGIN SUMMARY: THE FRG PRESS CARRIED SEVERAL STORIES PRIOR TO THE SCHMIDT VISIT TO WASHINGTON INDICATING THAT THE CHANCELLOR AND PRESIDENT FORD WOULD AGREE TO A FORMAL END TO ANY OFFSET AGREEMENTS WHILE HINTING THAT THE FRG MIGHT AGREE TO SOME KIND OF FURTHER CONTRIBUTION TO THE COMMON DEFENSE. ONCE THE AGREEMENT WAS MADE PUBLIC, MOST NEWSPAPERS GAVE IT DETAILED TREATMENT. PRESS COMMENTS WERE TENDING TO DESCRIBE THE AGREEMENT AS A PERSONAL TRIUMPH FOR CHANCELLOR SCHMIDT WHEN HIS REMARKS ABOUT THE ITALIAN ELECTIONS PUSHED THE SUBJECT INTO THE BACKGROUND. END SUMMARY.

1. PRIOR TO CHANCELLOR SCHMIDT'S JULY 14-17 VISIT TO
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WASHINGTON, VIRTUALLY ALL MAJOR FRG NEWSPAPERS REPORTED

THAT AGREEMENT HAD BEEN REACHED THAT THERE WOULD BE NO NEW OFFSET AGREEMENT. THE TONE OF THESE SPECULATIONS WAS VERY POSITIVE. FOR EXAMPLE, THE "NEUE RHEIN ZEITUNG" (PRO SPD) STATED: "THE ALMOST UNCANNY US/GERMANY HARMONY IS ILLUSTRATED BY THE FACT THAT EVEN MONEY IS NO LONGER A PROBLEM. CHANCELLORS ADENAUER AND ERHARD, KISSINGER AND BRANDT ALL HAD TO WRESTLE WITH THE U.S. PRESIDENT OVER THE VEXATIOUS OFF-SET AGREEMENT, WHICH PROVIDED FOR ANNUAL GERMAN PAYMENTS FOR THE U.S. TROOP PRESENCE RUNNING INTO BILLIONS. WHO STILL RECALLS THAT THIS PROBLEM WAS INSTRUMENTAL IN ERHARD'S DOWNFALL? NOW THE OFFSET AGREEMENT IS OFF THE TABLE...BONN NO LONGER HAS TO PAY A PENNY."

2. ON JULY 16, THESE SPECULATIONS (WHICH HAD PRESUMABLY BEEN DELIBERATELY LEAKED BY THE FRG GOVERNMENT) WERE REPLACED BY WASHINGTON STORIES CONFIRMING THAT OFFSET PAYMENTS WOULD BE ENDED. FRG PRESS SPOKESMAN GRUENEWALD CONFIRMED THESE REPORTS, ADDING THAT "PROCEDURAL DETAILS AND THE MEANS OF LIQUIDATION WERE BEING DISCUSSED BETWEEN FOREIGN MINISTERS KISSINGER AND GENSCHER." ADELBERT WEINSTEIN, ONE OF GERMANY'S BEST-KNOWN MILITARY COMMENTATORS, DISCUSSED THE SITUATION IN THE "FRANKFURTER ALLGEMEINE ZEITUNG" (INDEPENDENT, CONSERVATIVE) ON JULY 17 IN THE FOLLOWING TERMS: "A DISAGREEABLE PROBLEM HAS BEEN REMOVED FROM THE TABLE, A PROBLEM WHICH WAS SOMEWHAT UNDIGNIFIED FOR BOTH SIDES. THE DISTRIBUTION OF FINANCIAL BURDENS WITHIN THE ALLIANCE, ALWAYS A DIFFICULT MATTER, WILL BE SETTLED IN THE FUTURE AS BETWEEN EQUAL PARTNERS."

3. ON MONDAY, JULY 19, ALL MAJOR NEWSPAPERS IN THE FRG PUBLISHED DETAILS OF THE JOINT COMMUNIQUE ISSUED BY PRESIDENT FORD AND CHANCELLOR SCHMIDT CONCERNING THE END OF OFFSET AND FRG AGREEMENT TO PAY SOME SIXTY PERCENT OF THE INFRASTRUCTURE COSTS INVOLVED IN RELOCATING A U.S. BRIGADE TO NORTHERN GERMANY. THE "FRANKFURTER ALLGEMEINE ZEITUNG" QUOTED U.S. OFFICIAL SOURCES AS SAYING THAT FUTURE GERMAN CONTRIBUTIONS TOWARD DEFENSE PROJECTS ARE CONCEIVABLE PROVIDED SUCH PROJECTS CONCERN A COMMON

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DEFENSE PURPOSE. SEVERAL NEWSPAPERS INCLUDING "DIE WELT" (RIGHT CENTER), "RHEIN NECKAR ZEITUNG" (INDEPENDENT), "STUTTGARTER ZEITUNG" (INDEPENDENT/LIBERAL), DESCRIBED THE END OF OFFSET PAYMENTS AS A PERSONAL SUCCESS FOR CHANCELLOR SCHMIDT AND AN IMPORTANT POLITICAL RESULT FROM HIS VISIT. "DIE WELT" DID ADD, HOWEVER, THAT THE CHANCELLOR WOULD HAVE TO ASK HIMSELF WHETHER THE AMERICAN CONGRESS WOULD GO ALONG WITH THE AGREEMENT, A

DEVELOPMENT WHICH THE PAPER CONSIDERED TO BE BY NO MEANS CERTAIN.

4. FOR ITS PART THE "SUEDDEUTSCHE ZEITUNG" (INDEPENDENT) NOTED THAT THE STATEMENT CONCERNING THE STATIONING OF THE U.S. BRIGADE NEAR BREMERHAVEN MERELY PROVIDED OFFI-

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----- 091677

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CIAL CONFIRMATION OF A PROJECT WHICH HAD BEEN ANNOUNCED SOME TIME PREVIOUSLY. IT ALSO CALLED THE END OF OFFSET PAYMENTS AS MERELY RATIFICATION OF AN ALREADY-EXISTING STATE OF AFFAIRS. ACCORDING TO THE NEWSPAPER, THE ANNOUNCEMENT WOULD HAVE BEEN MADE EARLIER AND IN A MORE PRECISE FORM HAD IT NOT BEEN FOR THE OPPOSITION WHICH HAD EXISTED IN THE U.S. SENATE UNTIL RECENTLY. THE NEWSPAPER DESCRIBED THE EVENT AS "HAVING BOTH A PSYCHOLOGICAL ASPECT AND A SYMBOLIC VALUE INASMUCH AS THE U.S. CONFIRMED ITS NATIONAL INTEREST IN HAVING A MILITARY

PRESENCE IN EUROPE AND THUS REMAINING A PLEDGE IN THE MBFR NEGOTIATIONS. MOREOVER, THE FRG NO LONGER HAS TO ASSUME THE ROLE OF 'PAYING DEBTOR.' A RELIC FROM THE OCCUPATION DAYS HAS COME TO AN END."

5. AT THIS POINT, THE STORY (REFTEL) ABOUT THE CHANCELLOR'S REMARKS CONCERNING THE ITALIAN ELECTIONS AND THE ALLEGED AGREEMENT IN PUERTO RICO NOT TO PROVIDE CONFIDENTIAL

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FINANCIAL ASSISTANCE TO ANY ITALIAN GOVERNMENT WHICH INCLUDED THE COMMUNISTS, PUSHED THE OFFSET/NORTHAG STORY OFF THE FRONT PAGES OF THE GERMAN NEWSPAPERS.

6. COMMENT: IT MUST HAVE BEEN PARTICULARLY GALLING TO CHANCELLOR SCHMIDT TO HAVE THE ITALIAN STORY REPLACE THE OFFSET/NORTHAG ONE IN THE GERMAN MEDIA. THE CHANCELLOR HAD DELIBERATELY KEPT NEGOTIATIONS ON BOTH THE OFFSET PROBLEM AND THE FINANCIAL ARRANGEMENTS FOR STATIONING THE NORTHAG BRIGADE IN HIS OWN HANDS. A CAREFULLY-ORCHESTRATED PRESS CAMPAIGN WAS BEARING FRUIT: FRG MEDIA TREATMENT OF HIS U.S. VISIT WAS DESCRIBING THE END OF OFFSET AS A PERSONAL TRIUMPH FOR THE CHANCELLOR AND FRG AGREEMENT TO FUND A LARGE SHARE OF NORTHAG INITIAL STATIONING COSTS AS A PROPER GERMAN CONTRIBUTION TO THE COMMON DEFENSE. THEN CAME THE REVELATION OF THE CHANCELLOR'S OFF-THE-CUFF REMARKS CONCERNING AID TO ITALY. AT THIS POINT, LOCAL PRESS TREATMENT OF HIS U.S. VISIT SUDDENLY CHANGED. NO LONGER WAS THE EMPHASIS ON CHANCELLOR SCHMIDT, THE STATESMAN USING AN INTERNATIONAL VISIT SIMULTANEOUSLY TO DEFEND GERMANY'S NATIONAL INTERESTS AND TO IMPROVE ALLIANCE DEFENSIVE CAPABILITIES, BUT RATHER ON "SCHMIDT THE LIP," TALKING WHEN HE SHOULD HAVE KEPT SILENT. CASH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, CONSTRUCTION, HEAD OF GOVERNMENT VISITS, MILITARY AGREEMENTS, OFFSET PAYMENTS, MILITARY BASES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BONN12320
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760280-0981
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760738/aaaabhcd.tel
Line Count: 208
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 BONN 12192
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by greeneet>; APPROVED <12 AUG 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SCHMIDT'S REMARKS ABOUT ITALY PUSH THE OFFSET/ NORTHAG AGREEMENT OFF THE FRONT PAGES
TAGS: SOPN, EFIN, MPOL, MORG, OVIP, GE, US, (SCHMIDT, HELMUT)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006